

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Mines & Minerals – Standard Operating Procedure (SOP) for Re-conciliation and adjustment under revised seigniorage fee regime – Orders – Issued.

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INDUSTRIES & COMMERCE (MINES –III)DEPARTMENT

G.O.MS.No. 75

Dated: 16-05-2025

Read the following:

1. G.O. Ms. No.56, Ind. & Com. (M.III) Dept., dated: 18.04.2025.
2. G.O. Ms. No.57, Ind. & Com. (M.II) Dept dated: 17.04.2025.
3. Minutes of the meetings was approved by the Secretary (Mines) and Commissioner & DMG, on 08.05.2025
4. From the C&DM&G, AP single e-file bearing Comp No:2483150.

ORDER:

In the reference 1st read above, Government have permitted the extension of Seigniorage Fee Collection (SCC) contracts in the 7 erstwhile districts (Srikakulam, Vizianagaram, East Godavari, Guntur, Chittoor, Kadapa & Anantapur) to compensate the non- operational period, subject to:

- a. Submission of a Bank Guarantee with a minimum validity of 6 months,
 - b. Payment of pending dues in three equal monthly instalments,
 - c. Continuation of operations under original terms, save as otherwise modified by the Director of Mines & Geology,
 - d. Execution of a rider agreement by the concerned Deputy Director of Mines & Geology (DDM&G),
 - e. Liability to remit DMF and MERIT on collections above the Knocked Down Amount (KDA).
2. In the reference 2nd read above, Government have issued Minor Mineral Policy 2025 and proposed to revoke the consideration amount and revise the Seigniorage Fee rates applicable to all minor minerals.
3. In the reference 3rd above, a meeting was conducted on 25.04.2025 with Seigniorage Collection Contractors on implementation of the Orders issued in the reference 1st cited. During the interactions, Contractors raised the following concerns:
- a. Implications on revenue collections by the contractors due to the revision of Seigniorage Fee rates and adjustment.
 - b. Implications on revenue collections by the contractors due to revision of procedure of adjustment of Dead Rent from Quarterly to Annual basis.
 - c. Clarification on applicability of DMF and MERIT rates on collections exceeding Knocked Down Amount.

- d. Reclassification of Quartz, Mica, Feldspar & Barytes from Minor Minerals to Major Minerals on 20.02.2025, which make them outside the scope

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of the contract. Clarification is sought on their exclusion and requested a suitable mechanism for compensation.

- e. Adjustment mechanism for contracts extended beyond original tenure

- f. Ambiguity in treatment of collections from Government and NHAI works;

4. Reference to the clauses in Tender Document

- a. Clause 18.8.2 of Tender Document: "Any change in Applicable Law affecting taxes, duties or levies shall entitle the Contractor to an equitable adjustment in contract remuneration, subject to mutual agreement with the Department"

- b. Part IV (iii) of Contract Agreement: "Variations in lease status or government policy, including closures or dead rent revisions, shall not affect the validity or enforceability of the Knocked Down Amount".

5. Government is hereby issued the following SOP for compliance by all stakeholders:

- a. Collection at Revised Rates: SCC Contractors shall mandatorily collect mineral revenue at the revised rates notified under G.O. Ms. No. 57 dated 17.04.2025, which includes Seigniorage Fee, DMF, and MERIT from the date of issue of amendments to APMMC Rules.

- b. Monthly Reconciliation and Adjustment: i. Contractors shall submit monthly mineral-wise permit data to the jurisdictional DMGO/Divisional MGO within seven working days of the following month. ii. Deputy Director concerned shall calculate the reconciliation amount as follows: **Reconciliation Amount = Permit Quantity × [(Old Composite Rate) – (Revised Composite Rate)]**

Where:

- Old Composite Rate includes Seigniorage Fee + Consideration Amount + DMF + MERIT as per G.O. Ms. No. 11, dated 11.02.2020
- Revised Composite Rate includes revised Seigniorage Fee + DMF + MERIT

iii. If the Reconciliation Amount is positive (Contractor collected less under new rates), the Department shall adjust the difference in favour of the Contractor.

iv. If negative (Contractor collected more), the excess shall be remitted by the Contractor within 15 days of intimation, failing which penal interest shall apply.

v. The Deputy Director concerned must verify the adjustment calculations; once adjustments are made, no further adjustments shall be entertained.

- c. **Treatment of Collections above Knocked Down Amount (KDA):** If total collections exceed the KDA during the extended or revised contract period, the

Contractor shall be liable to remit DMF and MERIT on the excess, based on rates applicable at the time of original agreement, irrespective of any subsequent revisions.

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d. Adjustments for Government and NHA Works:

- i. The Contract period has been permitted to extend proportionately to compensate for the non-operational period during which the contractor could not undertake normal operations.
- ii. In cases where any adjustments towards Government Works, laterite leases Revenue in Erstwhile East Godavari District and others if any were already extended for the non-operational period, the adjustments shall be withdrawn, and the corresponding amounts shall be recovered from the contractor during the extended period. Deputy Director concerned shall conduct thorough verification of all such claims and initiate necessary action.
- iii. The adjustments may be allowed during the extended period for eligible works under taken during the extended period after the revision of rates.
 - a. State Government works: Seigniorage Fee shall be adjusted at original rates.
 - b. NHA works: Seigniorage Fee, Consideration Amount, DMF, and MERIT shall be adjusted at original rates w.e.f 20.01.2025 as per the procedure issued vide G.O.Ms.No:06 dated: 20.01.2025.
 - c. Adjustment of Dead Rents used by the leaseholders beyond the Quarterly Amounts: Dead Rent amounts used beyond the quarterly the leaseholds for obtaining permits shall be adjusted in favour of the Contractor.
 - d. **Quartz, Mica, Feldspar & Barytes:** Revenue realized from Quartz, Mica, Feldspar, and Barytes which are now classified as major minerals pursuant to Ministry of Mines' notification dated 20.02.2025 from the date of issue of relevant orders shall be adjusted in favour of the contractor. The contractor shall stop the collection of revenues from Quartz, Mica, Feldspar, and Barytes from the date of issue of relevant orders.

6. Hence SOP shall apply to all SCC contracts extended as per reference 1st cited and operations conducted under revised rates as per reference 2nd cited. It shall override any previous instructions to the extent of conflict and shall come into effect from the date of amendment to the APMC Rules for existing contracts, and from the date of rider agreement execution for expired contracts.

7. The Commissioner & Director of Mines & Geology, AP shall take necessary action accordingly in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

PRAVIN KUMR
SECRETARY TO GOVERNMENT

To
The Commissioner & Director of Mines & Geology, Ibrahimpatnam, Vijayawada.
Copy to:
The PS to Secy. (Mines).
The OSD to Minister(M&G).
SF/SCs.

//FORWARDED BY ORDER//

SECTION OFFICER